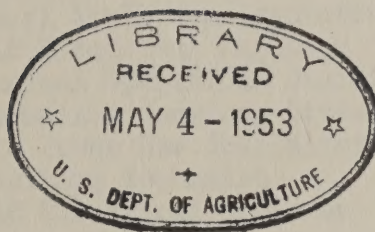


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REPORT OF
NORTHEAST AREA INTERIM FIELD CONFERENCE

Washington, D. C.

February 2-6, 1953



John W. Asher, Jr.

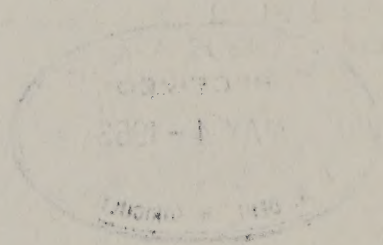
Director
Northeast Area Office

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John A. Croft
Director
Department of Education

ATTENDANCE

<u>NAME</u>	<u>TITLE OR DIVISION</u>	<u>HEADQUARTERS</u>
Anders, George Z.	Operations Division	Washington, D. C.
Asher, John W., Jr.	Director, Northeast Area	Washington, D. C.
Beall, Doreathy	Performance Analyst	Washington, D. C.
Beall, Robert T.	Executive Officer	Washington, D. C.
Block, Harry A.	Field Electrical Engineer	Lansing, Michigan
Bowen, Henry E.	General Field Representative	Lansing, Michigan
Briden, Osborne	Engineering Division	Washington, D. C.
Broderick, R. S.	Area Operations Specialist	Washington, D. C.
Carpenter, J. W.	Field Electrical Engineer	Richmond, Virginia
Coffman, Dean	General Field Representative	Bloomington, Indiana
Davis, Viola C.	Secretary	Washington, D. C.
Dillon, George E.	Operations Division	Washington, D. C.
Eagle, Robert H.	Performance Analyst	Washington, D. C.
Foreman, Ralph J.	Assistant Director	Washington, D. C.
Hedge, Marguarette	Information Services Division	Washington, D. C.
Helring, Frank M.	General Field Representative	Washington, D. C.
Hogan, Helen	Secretary	Washington, D. C.
Hunter, Clarence J.	Field Management Specialist	Bennington, Vermont
Itkin, Karl	Operations Division	Washington, D. C.
Karns, E. E.	Chief, Operations Division	Washington, D. C.
Kelley, H. W.	Technical Standards Division	Washington, D. C.
Kenyon, Charles W.	Field Loans Specialist	Washington, D. C.
Kipp, Edward R.	General Field Representative	Bennington, Vermont
Klinger, Margery	Secretary	Washington, D. C.
Lyle, James S.	General Field Representative	Bucyrus, Ohio
Mancini, Peter A.	Field Electrical Engineer	Wilmington, Delaware
McCutchen, James M.	Technical Operations Division	Washington, D. C.
McLay, Andrew L.	Information Services Division	Washington, D. C.
O'Kelley, Elizabeth	Field Power Use Specialist	Washington, D. C.
Person, Harlow S.	Consulting Economist	Washington, D. C.
Proffitt, Charles Y.	Field Electrical Engineer	Raleigh, North Carolina
Robinson, R. H.	Office of Administrator	Washington, D. C.
Row, Orion Y.	General Field Representative	Washington, D. C.
Sarle, Harold A.	Assistant Operations Specialist	Washington, D. C.
Shepperd, Riggs	Assistant Administrator	Washington, D. C.
Shertz, William	General Field Representative	Chapel Hill, N. C.
Simberg, Alvin L.	Field Management Specialist	Lansing, Michigan
Taliaferro, Jane	Secretary to Director	Washington, D. C.
Teare, Daniel W.	Operations Division	Washington, D. C.
Tessmann, Andrew	Field Power Use Specialist	Washington, D. C.
Waldron, C. J.	Technical Standards Division	Washington, D. C.
Weitzell, Everett C.	Program Analysis Division	Washington, D. C.
Wickard, Claude R.	Administrator	Washington, D. C.
Wilkinson, J. W.	Assistant to Director	Washington, D. C.
Willard, Howard S.	Field Electrical Engineer	Sheffield, Vermont
Wilson, Edward F.	Operations Division	Washington, D. C.
Wilson, Eleanor	Field Power Use Specialist	East Lansing, Mich.
Woehler, W. L.	Area Electrical Engineer	Washington, D. C.
Wright, Laura	Secretary	Washington, D. C.
Wrinkle, N. D.	Area Loans Specialist	Washington, D. C.

NORTHEAST AREA INTERIM CONFERENCE

INTRODUCTION

The purpose of this report is to give a summary of the Interim Conference of the Northeast Area held at Washington, D. C. during the week of February 2, 1953. We hope all Area personnel will take time out to review this report.

OPENING REMARKS

The Area Director in opening the meeting said he felt the conference was needed because many of the field people and borrowers do not fully understand yet the policy and procedures under the reorganization. He explained that he did not know how the reorganization of the Department will affect REA; however, he cautioned us to be careful and prudent in our statements, and discouraged being involved in spreading rumors.

The Area Director reported briefly on his trip to the NRECA annual meeting in San Francisco the previous week. He reported good reaction to Mr. Wickard's speech which covered the reorganization and the loan program. Mr. Wickard had stated that, first, preference in electric loans would be for heavying up the current needs of the present system, second, for area coverage, and third, for all other types of loans such as G&T, headquarters buildings and Section V.

The Director pointed out that the problem of the George W. Norris Memorial was a good thing for us to keep out of, especially in discussions with borrowers.

COORDINATION OF FIELD AND OFFICE ACTIVITIES

A. Itineraries:

The Area Director expressed concern that we still have not fully developed the theory established in the reorganization in regard to itineraries, especially concerning the planning of itineraries a month in advance. We should review again what we are supposed to do. By the 15th of each month each specialist should send to the GFR any prospective work he knows of. The GFRs in turn would list the need for the services of specialists in accordance with the work requirements, develop proposals and bonafide assignments where necessary and desirable, and submit the needs to the Area Office by the 20th of each month. Please do not mention the assignments that you know of in your field reports during the month and then forget about them on the 20th. If you have not received word that the assignments have been scheduled at the time you prepare your suggestions on the 15th or the 20th of the month, be sure to include them at that time. The Area Office in turn will take the information it may have received direct from borrowers, plus the information received from GFRs, and develop final itineraries for both the specialists and the GFRs. If everyone submits proposed itineraries on time, the Area Office should have no difficulty in getting approved itineraries out to

field personnel before the end of the month. The Area Office will attempt to let the GFRs know why suggestions are not suitable if visits are not scheduled from the proposed list.

The Area Office would like to know where the field people are at all times. In some cases it has been difficult to know how to reach GFRs or specialists on Mondays. In order for you to keep your schedule planned for several weeks or a month ahead, try to encourage borrowers to anticipate their needs further in advance.

We have discouraged borrowers from asking for specific field persons to appear at their cooperatives on a regular recurring basis; instead, we would prefer that borrowers be encouraged to get in touch with the GFR in connection with arrangements for visits by specialists. In fact, borrowers should be encouraged to use the one point of contact in the field for many of their problems. The results will be most effective if every opportunity is taken to drop a hint that they get in touch with the GFR rather than calling or coming into Washington.

B. Relationship of GFR with Other Field Personnel:

We are reminded that only the GFRs are assigned to cooperatives. The specialists are neither assigned to cooperatives nor to any particular GFR, but only to the Area Director. When GFRs submit a request for specialists' help, there is no need to designate any certain specialist, but if they have a preference for some special reason, of course, they may state that preference.

The GFRs should not hesitate to request specialist assistance, since they are not expected to do the whole job on the cooperative by themselves. Also, GFRs should become well acquainted with the services that specialists provide so that they will be able to explain these services to the cooperative. This includes specialists from staff divisions, as well as our own field specialists. On the other hand, our field specialists should be informed about the qualifications of each other. For instance, if a Management Specialist visits a cooperative and finds that another type of specialist is needed, he should either send the information directly to the GFR or to the Area Office.

The Area Director said he thought it would be a good practice for the GFR, wherever possible, to go with the specialist for the first day of his visit to a cooperative, and possibly go back while the specialist is still there to see if he could be of any further assistance. This is particularly true on long term and unusual assignments.

It is suggested that when a specialist is assigned to a cooperative for a specific purpose and other problems arise requiring specialized assistance, the specialist should use his own judgment in determining whether he should discuss these problems and supply answers. If the problems are minor and of such a type that the specialist feels he can supply an accurate and complete answer, he should do so. If he

is uncertain, he should call the GFR and discuss the problem with him. Generally, however, it would be best for the specialist to stick to his current assignment.

The Area Director emphasized the important role played by the specialist in carrying out the policies of the reorganization and urging him to take advantage of every opportunity to become better prepared in his particular field. It was promised that continued training facilities would be made available to keep him the best informed person available.

C. Field Reports and Summary Reports:

Field reports are important. It is only through these reports that the Area Office, the Administrator, and various auditing agencies such as GAO can know what field people are doing and what is being accomplished. Take time to prepare the field reports carefully and submit them as promptly as possible. Use a heading in initial caps for each subject covered. When reporting on some matter in which a staff division in REA would be interested, prepare extra copies of field reports. We understand that soon field report forms will be available with two more sheets attached. Less time and work may be devoted to the summary reports than is generally done now. They may be written in longhand on a snap-out form, as their purpose is to remind the manager of the recommendations made and the reason for and accomplishment of a visit.

The Area Director feels a big improvement has been made in field and summary reports since the first interim conference held at Old Point Comfort.

D. Correspondence:

The Area Director reminded field people that their correspondence is not subject to review by the Mail Review Unit; therefore, we must be careful what is put in writing and keep all statements within current established policy. If you feel that your correspondence needs improvement, please ask for some of the training material available on composing letters, grammar, spelling, etc.

E. Carrying out Assignments:

It seems likely that GFRs are not reviewing their own files sufficiently before going on assignments. It is particularly important to review recent correspondence and field reports, since quite a few letters contain commitments made for the GFRs by the Area Office.

We were reminded that these suggestions might be well to follow: Remember to keep from becoming involved in any borrowers' controversies if at all possible. As a general rule, we need to be concerned with

the loan payment only when it is in jeopardy. Never give the impression that you are taking the side of any borrower against REA personnel or policies. Be careful to make only those commitments you are sure you can keep. Don't suggest possible waivers of policy unless you are sure we can support you from here. If it is necessary to break a commitment to a borrower, be sure to call the borrower, telling why the appointment cannot be kept. Make special efforts to know what REA policy is in all cases and to understand its implications.

PROGRESS OF THE REORGANIZATION

Mr. Wickard spoke on the progress of the reorganization as he sees it. He indicated that as far as he knows we have received scarcely any criticism from borrowers and other people in the field concerning the reorganization. In fact, REA has had many compliments on it. Some people are still skeptical, however, and it is up to all of us to help overcome this skepticism and help them to become better informed. By and large, the cooperatives seem to realize that the reorganization has pushed more responsibilities upon them, and in most cases they are willing to assume responsibilities. The responsibility of the GFRs at the present time is to encourage this attitude and to assist directors and managers in undertaking long-range planning.

Also, Mr. Wickard indicated that better relationships with borrowers is a problem which has given him much concern. He reminded us that we have little control over the cooperatives, except foreclosure in drastic cases. The only practical working control that we have is by mutual consent. If the borrowers know that we are trying to help them and to contribute to their success, we should have no difficulty in obtaining consideration for our advice and ideas.

In response to Mr. Wickard's question concerning the experiences of the GFRs, most of the GFRs indicated that the reorganization has had a good reception in their territories.

REVIEW OF ELECTRIC DISTRIBUTION SYSTEMS AS RELATED TO TECHNICAL OPERATIONS AND MAINTENANCE

The Assistant Area Director first read the new unreleased REA bulletin concerning review of electrical distribution systems as related to TO&M, then later the Staff Instruction. During the discussion that followed, the wording was questioned in paragraph 5, "so that the summaries will reflect the thinking of both the borrower and the REA engineer". The Area Director and the Consultant, Mr. Briden, said that this does not mean that the field engineer has to agree with the borrower or that he should omit an opinion because it might be in controversy. However, the engineer should handle any controversy diplomatically, indicating that we are not trying to tell the manager what to do, but are only giving him our views based on past experience and background that we have acquired. If we give the impression that all we are doing is checking on construction of work already inspected and certified by a consultant engineer, we are going to run into trouble. Obvious errors should be reported, of course.

The GFR should make all preliminary arrangements for the above review. The field engineer would not be assigned to a cooperative until such arrangements had been made with the manager. The GFRs must handle these arrangements carefully; otherwise some managers will resent REA coming in for this type of review and may resist it. However, most of the managers are expected to be cooperative, particularly after the bulletin has been released.

As a first step, the Area Director indicated that he would like the GFRs to prepare a priority list of cooperatives which need assistance the most in connection with their TO&M program. We hope that those GFRs who have not sent the list in by this time will do so shortly. Any cooperatives known to have loose practices in connection with operating and maintaining their systems should be high on this list.

The Area Engineer referred to the Form DS-261, "Self-Evaluation Check List - TOAM", which indicates the extent to which this review will be made. He pointed out that the form is simply a guide to the engineer in making his evaluation of the system and should be the basis of his narrative summary after completing his review of the system.

A preview of a film strip on technical operations and maintenance was shown with a good discussion by the Audio-Visual Section of the Information Services Division. Mr. McLay of that section indicated that the film strip will be available shortly for use by the GFRs in working with cooperatives. The film strip is intended primarily for borrowers to use in educating members as to need to good TO&M program.

We should review the REA Bulletin and Staff Instruction received during this discussion. As we intend to undertake the first reviews of systems shortly, it is particularly important that the GFRs and engineers be very familiar with the provisions of the procedure.

POLICY BULLETINS

Mr. Robert Beall discussed in general the new policy bulletins and staff instructions which REA is now using and which will completely replace the Divisional memoranda and Administrative Bulletins in due time. He said that there will be a subject matter index and a numerical index. He indicated that the primary development of the bulletins will be the responsibility of the staff divisions. However, anyone else should pass along to his supervisor any suggestions regarding a change of policy, especially field people.

If a cooperative informs you that it desires more than one copy of all REA bulletins, you should notify the Area Office, which will arrange for the mailing of the desired number of copies. If any of you desire particular copies of REA bulletins and staff instructions, a written request should be sent to the Area Office.

The Area Director emphasized again the importance of maintaining a current file of all REA policy bulletins and staff instructions. Such a file should be kept in your car at all times for ready reference. Also, sufficient

time should be taken to review and thoroughly understand this material.

WHAT WE ARE TRYING TO ACCOMPLISH THROUGH THE ELECTRIC FARMING PROGRAM

Mr. Riggs Shepperd, Assistant Administrator, led a discussion on the Electric Farming Program. He said that the program was started by people who had the following intentions: First, to meet the needs of the farmer and, second, to best serve the cooperative. Any electric farming program should meet these two tests. The objective of the electric farming campaign is to interest as many state organizations as possible, informing them that REA will be glad to help them in any way to obtain personnel and materials for the program. For the program to be a success, however, the cooperation of 4-H Clubs, school clubs, extension service, manufacturers, dealers, salesmen, etc. has to be obtained so that products and materials will be available for the farmers to purchase.

He pointed out that some results obtained from such a planned program have been good. Some borrowers feel that they have raised their kwh consumption approximately 8 to 10 percent in a year's time. Many state organizations have developed their own plans for such programs. One such plan mentioned by Mr. Shepperd is the Kentucky Plan.

The help that we furnish should be that of trying to help the individual borrower understand its own problems. We should point out that the cooperative should check its program in electric farming to be sure that it is going to result in increased use of electricity.

HOW TO PRESENT THE ELECTRIC FARMING PROGRAM TO A BOARD OF DIRECTORS

A simulated meeting of a board of directors of a representative cooperative was held, with Mr. Karns acting as a GFR for the purpose of presenting the electric farming program to the board of directors. The GFRs of the Northeast Area acted in the capacity of board members, with Mr. Bowen assuming the role of president of the board and Mr. Row the role of manager. Quite a lively discussion occurred between the acting GFR and the board members.

Mr. Karns pointed out in the course of the discussion that the responsibility of a cooperative is to assist its members in making the fullest use of electricity. A cooperative should not attempt to sell just that amount of electricity that will enable it to meet its debt service and other financial requirements. A cooperative should determine what uses of electricity are practical for its area, what equipment is available from the dealers in its area, and what facilities are available for servicing the equipment or appliances.

Mr. Karns indicated by his discussion various approaches that can be used in encouraging a board to adopt or improve its electric farming program. The GFR can begin such a discussion by explaining the Electric Farming Booklet No. 1. He can show that by supplying off-peak uses (which improves its load factor) the cooperative will not increase appreciably the requirements of system capacity, while increasing its consumption and revenues. He may

emphasize that the best way to meet the expenses of a cooperative is to increase the revenues through increased kwh, rather than just reduce operating costs. The GFR should create a realization on the part of the borrower that in order to bring about such an increase in kwh, the cooperative may need to secure the services of a specialist such as home economist and agricultural engineer. However, it is against present policy to suggest to the cooperative to employ a specific number of power use people.

The GFR may point out that planning for a power use program may be done at the same time an overall long-range program for the cooperative is prepared. In fact, in order to develop a long-range program the cooperative must decide on an objective with respect to kwh usage in the future. If the cooperative decides upon an active power use program, it would want to set its goals for kwh usage much higher than otherwise.

RETAIL RATES

Mr. Karl Itkin, with the assistance of Don Hannon, led the discussion on retail rates. He discussed what needs to be done by a cooperative when it desires a rate revision study, steps required by the Retail Rate Section in preparing such a rate study, the use of control devices and the effect they have upon rates, and the preparation of large power applications.

The Operations Division is preparing a booklet describing the steps that should be taken by a cooperative before a decision is made to ask for a rate study. Until this new booklet is available, the booklet entitled "How Electric Farming Can Help Your Business" (REA Bulletin 140-1) may be used, especially pages 8 and 9. If the cooperative determines that a rate revision is indicated, it should make its request for the rate study to the Area Office. Cooperatives may be informed that the pamphlet, "Large Power Rates and Contracts", contains helpful information and tables for use in preparing large power applications.

A new Retail Rate Handbook soon to be published will be helpful to you in regard to many questions on retail rates.

NORTHEAST AREA LOAN PROGRAM

Noble Wrinkle, Area Loans Specialist, led a discussion on the current status of our loan program. He pointed out that the following things should be done by a GFR assisting a cooperative to file a loan application: (1) Ascertain that the debt limit of the cooperative will not be exceeded by a new loan; (2) assisting the cooperative in preparing Form AL-29R; and (3) informing the cooperative that our office cannot take action upon its loan application until kwh estimates have been prepared by REA and concurred in by the cooperative board.

In the case of a loan for a headquarters building, the GFR should tell the cooperative that the following information must be sent to the Area Office: A floor plan, proof of title of land on which the building will be constructed, a Form AL-29R, and a board resolution sustaining the application.

Since this discussion you have no doubt been informed that a limit has been imposed upon loan funds. This total is not to exceed six times the January loan amount for the period January through June 1953. We have not been able to make many loans during the last month, and while loans to be made for the rest of this fiscal year are uncertain, you should encourage cooperatives to submit loan applications if they have a definite need for money.

PREPARATION AND USE OF KWH ESTIMATES

Everett Weitzell, Chief of the new Program Analysis Division, led a discussion on kwh estimates. He reminded us that we should keep these items in mind when discussing long-range planning and future kwh consumption with the borrowers, competition with LP gas, the greater proportionate cost of power when average usage is high, and the changes in the types of farming that tend to boost consumption. He mentioned that we should try to interest borrowers in the understanding and use of kwh estimates which is a requisite for good management. He asked that you note anything on the cooperative that makes you believe the kwh estimates will be invalidated. Such a situation could be mentioned in your field report.

LONG-RANGE PLANNING

The Area Director indicated that this topic was the highlight of the conference. He hopes that we will be impressed with the importance that he attaches to borrower appraisal as a basic segment of long-range planning. We should have the best borrower appraisal program to assist this long-range planning because we have some of the most serious problems, some of the oldest borrowers, and some of the best personnel available to do the job.

The aim of the borrower appraisal program will be to determine which loans are in jeopardy and to assist in the preparation of data which will be furnished the GFRs. The GFRs will be armed with sufficient data to convince a board of directors and a manager that long-range planning is necessary and to assist them in carrying it out. The GFRs will concentrate their attention after receiving this information almost entirely upon the cooperatives whose loans are in jeopardy.

The Area Director stated that the purpose of the discussion was to determine what the GFRs required in the way of this basic data, to develop plans for furnishing it to them, and to develop plans for its use by them after receiving it. He welcomed Dr. Person and Mr. Edward Wilson and asked for contributions of their opinions. He then turned the meeting over to the Assistant Area Director, who began the discussion by asking the GFRs what they had done thus far in the way of long-range planning. Some of you reported using Administrative Bulletin No. 9 as a basis for planning; some have used the Booklet, "How Electric Farming Can Help Your Business", and other material on management aids. It appears that all of the GFRs are in need of more information in order to convince borrowers of the need for long-range planning and to assist them in carrying it out.

Bob Eagle of the Operations Section explained the use of the borrower appraisal board in the borrower-appraisal program. It was pointed out that

the board is a mechanical device for assembling in one place many pertinent factors which may be used as a basis for evaluating the security of a loan. By use of a weighting system, each cooperative is graded on these factors in relation to the feasibility study to determine if the Government's loans are in jeopardy. One of the factors is the physical condition of the cooperative's system, which will be determined by the review of the electric distribution system as related to Technical Operations and Maintenance. Of course, that factor is not available at the present time on most of our systems, but we expect that the engineers will soon be making many such reviews. A detailed analysis is being made on any cooperative where the Government's loan is found to be in jeopardy from all of the information available in the Area Office. This analysis will be reduced to a report which will be supplied by the Area Director to the GFR for his use. This detailed report should consist of at least the following items which were suggested by the GFRs and other interested persons:

1. The early history and other general information concerning borrowers.
2. Debt service projection graph.
3. Various graphs, pertinent factors and ratios, showing their trends for three or more years. These should include:

- Times Standard Debt Service Earned
- Average Revenue per Consumer per Month
- Average Consumption per Consumer per Month
- Total Expense Less Cost of Power as a Percent of Revenue
- Net Worth as Percent of Assets
- Operations Expense as a Percent of Investment
- Maintenance Expense as a Percent of Investment
- General Administrative Expense as a Percent of Investment

4. Graph showing forecast of cash available for debt service.
5. A detailed explanation of the suspected sources of difficulty and suggested remedial action where possible.

A sample detailed report, including several of the above items, was prepared for this meeting on Vermont 8 and presented by Bob Broderick, Area Operations Specialist. Of course, these reports in some cases will not be received right away, because of time for preparation. However, when the GFR does take the report into the cooperative and opens discussion on long-range planning, his work has just begun. There will be many problems to consider and much data to be gathered and studied, of which the following is a sample:

1. Map of service area and boundaries.
2. Percent or number of unelectrified farms.
3. When are these farms expected to be connected? New homes to be built?

4. What are growth-of-population possibilities in area?
5. What system improvements are needed?
6. What TO&M program should be developed and carried out?
7. What are economic possibilities in area?

One of the biggest problems in long-range planning is deciding how many years ahead "long-range" should cover for the particular cooperative.

Ed Wilson pointed out that there are various techniques to use in selling long range planning to cooperatives:

1. Overcome the doubts of the cooperatives in looking thirty-five years into the future by referring them back thirty-five years in the past, i.e., tie the unknown future to the known past.
2. Tie in the need of long-range planning with the personal desires of the manager, directors, and members.

Mr. Asher indicated that he was encouraged by the discussion on long-range planning, and by the fact that Dr. Person seemed to think that we are at least "on the mark". As fast as possible the GFRs may expect to receive the information referred to above.

TECHNICAL TRAINING FOR ELECTRICAL ENGINEERS AND GFRs

An entire day of the conference was devoted to technical training on capacitors and voltage regulators. The reaction from the GFRs who attended this session with the electrical engineers indicated the time spent was worthwhile. This training included a demonstration by the Line Material Company and a presentation by the following members of the Technical Standards Division: Messrs. Kelley, Waldron and McCutchen. More of this type of training will be made available in the future to assist all of us to keep currently informed in new developments.

CONSTRUCTIVE SUGGESTIONS

On the morning of the second day of the conference, the conferees were divided into groups by GFRs, Field Electrical Engineers and other Field Specialists. The reports from the various groups were read in a general session on the last day of the conference and the Area Director responded to each suggestion insofar as he could at the time. The remainder of the suggestions will be followed up by the Washington office. Copies of these reports follow, together with brief comments concerning possible action to be taken on the suggestions:

"The GFR suggestions were discussed and made with the realization in mind that the reorganization has effected a somewhat radical change in thinking and working habits in a relatively short period. A general

feeling was expressed that the Northeast Area is particularly fortunate in having people and supervision flexible enough to adjust themselves to a new set of rules as quickly as has been demonstrated, and to have staff and field specialists who so quickly have developed an increased appreciation of the value of teamwork as it is required in the line and staff type of organization.

"All of the items brought up were presented with the thought in mind that they had probably resulted from unintentional continuations of old working habits rather than intentional efforts to vary from new policies or instructions. We should keep in mind, however, that increasing tendencies to follow old habits can encourage the criticisms that played a part in bringing the reorganization about and seriously interfere with our efforts to improve fundamental borrower relationships during a particularly critical period.

"In announcing the reorganization, two fundamental concepts were repeatedly stressed. They may be briefly summarized as follows:

1. 'Single point' contact was to be established to avoid duplications of effort and overlapping of responsibilities that had apparently caused points of irritation to develop among borrowers.
2. Services to be offered or provided to borrowers were to be progressively diminished as borrowers themselves demonstrated progressive ability to absorb increasing responsibilities.

"We are not associated with a static industry; it is an expanding industry. As has been pointed out here, it is one of the most rapidly expanding segments of industry, and farm loads have expanded averagely at about double the average rate for the utility segment. We have expanding vistas to look forward to if we have the foresight and the vision to see beyond the immediate effect of the reorganization and to the day when the farmer will really take hold of electric energy to displace manual labor and more expensive forms of heat and energy in a manner comparable to the way in which horseflesh was displaced by tractors.

"If we will be patient and tolerant, and recognize that farmers are slow to change, that board members fundamentally must recognize their need for increasingly specialized assistance at the same time they are able to absorb greater volumes of less technically involved responsibilities, we will get so many requests for the best answers to the 'tough' questions that we will not be able to fill them.

"This brings us to the point in policy relating to the reorganization which was to serve as a governor in assuring balance in the

implementation of the two major concepts previously mentioned. We refer here to assignments being made only in connection with a specific borrower's request. These requests can best be encouraged by additional material and efforts reaching borrowers being clearly directed towards illustrating the principle that REA has the best reservoir of specialized assistance to offer that is available from any source by virtue of its ability as a team to assemble the 'best' from a thousand borrowers, a skilled group of employees and the cream of research and scientific institutions. If we produce too many specialized programs or program aids ahead of the time when adequate emphasis has been placed on the overall ability of our team, and if we as GFRs are to be expected to 'sell' specialized services on a 'series of meetings' basis with possibly some lack of sincere requests being built up in advance as the result of adequate institutional publicity and selling, we may discourage rather than encourage the volume of requests for specialized assistance from the longer term point of view.

"Within the limits of REA policy and responsibilities, we recognize the value of having available specialists to carry out all of the elements of a balanced long range planning program with our borrowers. In this respect we further realize that due to a possible lack of knowledge of the assistance needed by borrowers assigned to us we may not have fully utilized this specialized assistance.

"Therefore, we wish to point out that as a result of our developing the necessary information related to a cooperative to properly evaluate their needs for specialized assistance, we feel that we are approaching the position where we will be increasingly able to request and utilize this experience to an extent beyond that possible with existing specialized personnel.

"However, to achieve proper utilization of specialized personnel, we sincerely believe that a controlled planned assignment program must be worked out in which the borrower's sincere realizations of his needs is the key-hacking. A planned assignment program, with this key, can result in a strained relationship with borrowers directly comparable to that found at time in the old regional set-up.

"This general understanding must be fully appreciated by both Area Specialists, staff division functions and other components of the line organization.

"Since all of the points brought up except one were related to the preceding comments of principles connected with the reorganization, the related suggestions may be summarized by a request for everyone's cooperation in avoiding falling back into some of the working habits related to the old organizational pattern.

"The other suggestion is that consideration be given towards modification of the June Field Conference program so as to permit time for a meeting of the Administrator and his staff personnel directly related with line organization activities so that the line organization problems could be discussed, and we assume that a similar meeting would be constructive for the staff divisions, since the new organizational structure tends to develop problems distinctly related to line or staff activities but of relatively indirect concern to the other portion of the team."

The Area Director commented that this report was an excellent self appraisal by the GFRs and does not require specific follow up except for arranging a meeting with the Administrator's staff and the GFRs at the June Field Conference.

(Field Engineers Suggestions)

- "1. We request that consideration be given to allocation of assignment time for work order certification on the basis of total system mileage and the number of work order inventories to be inspected.
- "2. We request a clarification of the status of the existing estimate work order procedure as outlined in the May 15, 1952, memorandum from the Chief of the Engineering Division.
- "3. We request that Field Engineers be furnished with copies of correspondence between the Area Office and borrowers written as a result of a recommendation or report submitted by the Field Engineer. The Field Engineers feel that such correspondence may be valuable as a guide to future activities.
- "4. We request that a check list be prepared for transmission plans and specifications similar to the one now in use for distribution plans and specifications.
- "5. We suggest that construction projects, either contract or force account, be assigned to a Field Engineer and that this engineer receive the progress reports and be responsible for advising the Area Director of the necessity for a visit to the project by the Field Engineer."

The Area Director commented as follows:

1. The engineer should estimate to the GFR how long assignments should take when he prepares list of work possibilities. The GFR would then pass the information along to the Area Office. If we in the Area Office do not receive such suggestions, we will have to rely only upon information available in the Area Office.

2. It is our understanding that the five Area Engineers are working with John Rixse on changes in the memorandum of May 15, 1952.
3. This suggestion will be brought to the attention of the Area Directors' meeting and if accepted we will put it into effect uniformly throughout the Areas. We have been trying to comply in the interim.
4. Since the Area Office would not prepare such a check list, the Area Engineer will follow up with the Power Division to see what has been done to furnish them with our suggestions.
5. This suggestion will have to be considered further for its practicability. The few Field Engineers in the Area make the suggestion seem impractical. Individual examples, pro or con, should be submitted by field personnel to assist in a decision on this recommendation.

(Other Field Specialists Suggestions)

- "1. That the GFRs meet periodically with the field specialists with whom they usually work, for the purpose of discussing specific problems of the borrowers, review of past accomplishments and methods of meeting future problems of the borrowers. These meetings could be held in the field with little or no additional travel expense.
- "2. In the interest of job efficiency and coordination that some method be provided for keeping specialists informed on current status of programs prepared by specialists and followed up by GFRs. Excerpt from field reports or other suitable methods may meet this need.
- "3. The power use specialists would appreciate receiving a periodic summary of the power use activities carried on throughout the Area.
- "4. The power use specialists feel that there is a definite need for a clarified statement of area policy regarding power use activities and methods, for the sake of uniformity by all people working with power use. Joint training sessions are suggested as a means of achieving more uniformity in methods.
- "5. That field people headquartered in Washington be included in the next issue of the department telephone directory."

The Area Director commented as follows:

1. While this suggestion is good, it is believed that such a meeting can be coordinated better from the field than in the Area Office. GFRs are encouraged to arrange such meetings. It is also suggested that when a specialist is given a long assignment, the GFR meet with him at the beginning of the job to discuss it.

2. This is an excellent suggestion and the Area Specialists are urged to assist the Area Director's office in carrying out recommendation.
3. The Area Operations Specialist will be responsible for including such information in the Newsletter. However, we will need information on all activities from the field people in order for such a section to be complete. By the way, in response to your request, we will send a Newsletter to the field every two weeks.
4. It was agreed that this suggestion has been covered for the present by Mr. Shepperd's talk at the conference on area policy concerning electric farming activities.
5. We have included the names of the field people headquartered in Washington in the next telephone directory which will be issued in April.

The Area Director feels that this conference was very worthwhile and that other interim conferences will be recommended as the need arises.

1. This is an excellent suggestion and the Area Specialist will be
contacted for his office in carrying out this recommendation.

2. The Area Specialist will be responsible for the following work
in connection with the "Whisper" project. He will be interested in all
activities from the field to the office and will be asked to be
cooperative in any way in response to your request, we will send a letter
to the field office to this effect.

3. It was agreed that this suggestion was approved for the present by
Mr. Thompson's staff at the same time as some policy concerning electronic
listening activities.

4. We have indicated the name of the field office responsible for this action
in the field telephone directory which will be issued in a few days.

The Area Specialist feels that this suggestion was very worthwhile and that other
similar suggestions will be considered in the future.